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TAGS: [PARM](#) [PREL](#) [ETTC](#) [MTCRE](#) [KSCA](#) [CH](#) [KN](#) [KS](#) [PK](#)

SUBJECT: MTAG: MISSILE-RELATED STEEL TO DPRK AND
RING-ROLLING MACHINES TO PAKISTAN (S)

REF: BEIJING 13327

Classified By: ISN ACTING DAS DONALD A. MAHLEY FOR REASONS 1.4
(B) AND (D).

¶1. (U) This is an action request, Embassy Beijing
please see Para 6.

¶2. (S) BACKGROUND: We want to bring information about additional potentially missile-related transfers to North Korea and Pakistan to China's attention. First, in August 2005, we shared with the PRC information indicating that the Chinese entity Dandong Xinshidai Trading Company Ltd. shipped several tons of stainless steel in May and June 2005 to North Korea's primary weapons trader, the Korea Mining Development Corporation (KOMID)(Ref). We now understand that, in July 2005, Dandong Xinshidai Trading Company may have shipped another order of 1CR18NI9TI steel to North Korea's Korea Kuelaksae Trading Company, which was likely acting on behalf of a procurement agent for KOMID.

¶3. (S) Second, we also want to advise Chinese authorities of new information indicating that, in July 2005, other North Korean firms were engaged in similar efforts to procure missile-related specialty steels - 1CR18NI9TI in particular - from Chinese companies.

¶4. (S) Although not controlled by the Missile Technology Control Regime (MTCR) or China's missile-related export controls, 1CR18NI9TI steel can be used in the production of Scud rocket motor combustion chambers and other missile components. Considering the likely end-users of this material, we want to urge China to use its catch-all control authorities to ensure that the North Korean missile program does not obtain support from Chinese entities.

¶5. (S) Third, in a separate matter, we want to inform the Chinese government of our understanding that, in late October 2005, the Chinese firm Jinan JFMMRI Metal Forming Machinery Engineering Company, Ltd. (JFMMRI) was working to supply Pakistan's Heavy Mechanical Complex (HMC) with a ring-rolling machine. Our information also indicates that this ring-rolling machine may be intended for use in Pakistan's missile program. Although not controlled under the MTCR, ring-rolling machines can be used to produce stiffener rings for ballistic missile airframes. They can also be used in conjunction with flow forming machines to manufacture solid rocket motor cases. We want Chinese authorities to investigate this activity and to closely scrutinize all exports by JFMMRI to HMC to ensure that Chinese firms do not supply equipment that supports MTCR Category I missile programs in Pakistan.

¶6. (S) Action Request: Department requests Embassy Beijing approach appropriate host government officials to deliver talking points in para 7 and report response. Talking points also may be provided as a non-paper. (Note: Post should be aware that we only

have the STC rendering for Dandong Xinshidai Trading Company. End Note.)

17. (S) Begin talking points/non-paper:

(SECRET//REL CHINA)

-- In the spirit of our nonproliferation cooperation, we would like to raise with you several matters of proliferation concern and request your assistance in investigating this activity.

-- First, in August 2005, the U.S. shared with you information that the Chinese firm Dandong Xinshidai Trading Company shipped several tons of stainless steel to North Korea in May and June 2005.

-- Dandong Xinshidai Trading Company is located at No. 272-2, Jiangcheng Dajie Yuanbao Qu, Dandong, Liaoning Province, China. The standard telegraphic code (STC) for this company is the following: 0030 2639 2450 2514 0108 6319 2496 2589 7098 0361 0674.

-- This steel, known as 1CR18NI9TI steel, was being procured by a firm associated with North Korea's primary weapons trader, Korea Mining Development Corporation (KOMID), and could be used to produce Scud rocket motor combustion chambers and other Scud components.

-- We now have information that Dandong Xinshidai Trading Company may have shipped another order of 1CR18NI9TI steel to North Korea's Korea Kuelaksae Trading Company in July 2005.

-- As with the May and June 2005 shipments, we believe that Kuelaksae Trading Company was purchasing this steel on behalf of the Korea Heungjin Trading Company, which acts as a procurement agent for KOMID.

-- We hope this information will be useful to you in your ongoing investigation of Dandong Xinshidai Trading Company. We would be interested to hear the results of this investigation, when completed.

-- Second, we would like to provide you with information indicating that, in July 2005, other North Korean firms were engaged in similar efforts to procure missile-related specialty steels from Chinese companies.

-- North Korea's Lyongaksan 5 Trading Corporation obtained a price quotation from the China Dalian Yong Xing Trading Corporation for 1CR18NI9TI stainless steel tubes and sheets. Lyongaksan 5 may also use the name Korea Ryonbong General Corporation, and is the trading arm of North Korea's External Economic General Bureau of the Second Economic Committee (China Dalian Yong Xing Trading Corporation is located at: No 201-04, 174 Huale Street, Zhongsan District, China)

-- North Korea's Tosong Technology Trading Company, which has also been associated with KOMID, ordered 1CR18NI9TI stainless steels from the China Shenyang Sigma Trading Company, Ltd (China Shenyang Sigma Trading Company Ltd. is located at: Room 112, No 63 Ningshanzhong Road, Huanggu District, Shenyang, China)

-- the Korea Ryonhap Trading Association, an entity subordinate to the Second Economic Committee of the Korean Workers' Party Central Committee, received a quotation for 1CR18NI9TI stainless steel from China Shanghai Zhejiang International Trading Company, Ltd. (Harcourt Overseas Limited) (International Trading Company address of China Shanghai Zhejiang Ltd. is: Room

1-501 Dongyuan Mansion, 2 Dashu Road, Hangzhou)

-- North Korea's Korea Tangun Trading Corporation likely concluded a contract for 1CR18NI9TI sheets and tubes with China's Liaoning Economic Xiang Long and Trade Co. Ltd.

-- KOMID, the Tosong Technology Trading Company and Korea Ryonbong General Corporation are all entities the U.S. has designated under the new Executive Order on proliferation financing for their direct involvement in North Korean missile proliferation.

-- This steel may not be listed on the Missile Technology Control Regime (MTCR) Annex or on China's missile-related export control list, but we urge you to investigate this information and use your catch-all authorities to ensure that Chinese entities are not involved in supplying missile-related specialty steels to North Korea.

-- Third and finally, the U.S. has information that, in late October 2005, the Chinese firm Jinan JFMMRI Metal Forming Machinery Engineering Company, Ltd. (JFMMRI) was working to supply Pakistan's Heavy Mechanical Complex (HMC) with a ring-rolling machine.

-- HMC's purchase of this machine was being coordinated by another Chinese firm, Jinan Tri-Tiger Technology Development Company Ltd.

-- This machine was to be shipped to Pakistan before October 2006.

-- We believe this ring-rolling machine may be used in Pakistan's missile program.

-- Although not MTCR-controlled, ring-rolling machines can be used to make stiffener rings for ballistic missile airframes.

-- This ring-rolling machine may be used in conjunction with a flow-forming machine in the production of solid rocket motor cases. We believe that in 2003 the Beijing Machinery Import-Export Corporation (BMIEC) acquired a flow forming machine.

-- Flow forming machines, which are used to manufacture missile end-domes and nozzles, are controlled under the MTCR and China's missile-related export control list.

-- Given Pakistan's previous willingness to evade China's export controls to procure such equipment, we hope you will investigate this information and closely scrutinize all exports by JFMMRI to HMC to ensure that Chinese firms do not provide equipment that supports Pakistan's MTCR Category I missile programs.

-- We look forward to continued cooperation on missile nonproliferation matters and would appreciate hearing the results of your inquiries.

END TALKING POINTS.

¶8. (U) Please start response with "MTAG" and slug reporting on this or other missile nonproliferation issues for ISN/MTR and EAP/CM.
RICE

NNNN

End Cable Text